

**BOROUGH OF FREEHOLD SCHOOL DISTRICT
AUDITOR'S MANAGEMENT REPORT ON ADMINISTRATIVE
FINDINGS - FINANCIAL COMPLIANCE AND PERFORMANCE
FISCAL YEAR ENDED JUNE 30, 2018**

Prepared by

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of the Firm

**SAMUEL KLEIN AND COMPANY
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REPORT OF INDEPENDENT AUDITORS

Honorable President and Members
of the Board of Education
Borough of Freehold Board of Education
County of Monmouth, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Board of Education of the Borough of Freehold School District in the County of Monmouth for the year ended June 30, 2018 have issued our report thereon dated February 22, 2019.

As part of our audit, we performed procedures required by the New Jersey Department of Education, and the findings and results thereof are disclosed on the following pages, as listed in the accompanying table of contents.

This report is intended for the information of the Borough of Freehold Board of Education's management and the New Jersey Department of Education. However, this report is a matter of public record and its distribution is not limited.



Gerard Stankiewicz
Certified Public Accountant
Licensed Public School Accountant #912



SAMUEL KLEIN AND COMPANY

Freehold, New Jersey
February 22, 2019

**ADMINISTRATIVE FINDINGS - FINANCIAL
COMPLIANCE AND PERFORMANCE
JUNE 30, 2018**

Scope of Audit

The audit covered the financial transactions of the Board Secretary/School Business Administrator and the Treasurer of School Monies, the activities of the Board of Education and the records of the various funds under the auspices of the Board of Education. This report is filed in conjunction with the District's Comprehensive Annual Financial Report (CAFR).

Administrative Practices and Procedures

Insurance

Fire insurance coverage was carried in the amounts as detailed on the Insurance Schedule, Exhibit J-20, contained in the Statistical Tables Section of the District's CAFR.

Officials' Bonds

<u>Name</u>	<u>Position</u>	<u>Amount</u>
Joseph Howe	Board Secretary/ School Business Administrator	\$ 200,000.00 (A)
Bruce Rodman	Treasurer	210,000.00 (A)
Patricia Saxton	Assistant Business Administrator	25,000.00

(A) Selective Insurance Company.

(B) There is a Public Employees Faithful Performance Blanket Position Bond with the Commercial Insurance Company of Newark in the amount of \$50,000.00.

Officials' Bonds were adequate to meet minimum statutory requirements.

Financial Planning, Accounting and Reporting

Examination of Claims

An examination of claims paid during the period under review was made as to affidavit or signed declaration, proper itemization and proper authorization by officials. No discrepancies were noted. The Board's voucher system is in accordance with R.S. 18:6-34, which requires a signed declaration by the vendor in place of an affidavit. In addition, all vouchers are signed by the Board Secretary. The actual signature for receipt of goods or services rendered is on the receiving copy of the purchase order set, which is attached to the purchase order filed by appropriation number. All claims approved for payment are listed by fund total in the minutes.

**ADMINISTRATIVE FINDINGS - FINANCIAL
COMPLIANCE AND PERFORMANCE (CONTINUED)**
JUNE 30, 2018

Financial Planning, Accounting and Reporting (Continued)

Payroll Account

The net salaries of all employees of the Board were deposited in the Payroll Account. Employees' payroll deductions and employer's share of fringe benefits were deposited in the Payroll Agency Account.

All payrolls were approved by the Superintendent and were certified by the President of the Board and the Board Secretary/School Business Administrator.

Compensation records were tested, and for those individuals examined; it was determined that salaries paid were in accordance with the amounts authorized by the Board.

Salary withholdings were promptly remitted to the proper agencies, including health insurance withholdings.

Reserve for Encumbrances and Accounts Payable

A review of outstanding issued purchase orders was made as of June 30, 2018 for proper classification of orders as reserved for encumbrances and accounts payable.

Classification of Expenditures

The coding of expenditures was tested for proper classification in accordance with *N.J.A.C. 6A:23-2.2(g)* as part of our test of transactions of randomly selected expenditure items. We also reviewed the coding of all expenditures included in our compliance and single audit testing procedures. In addition to randomly selecting a test sample, our sample selection specifically targeted administrative coding classifications to determine overall reliability and compliance with *N.J.A.C. 6A:23A-2.4*. As a result of the procedures performed, no transaction error rate was noted and no additional procedures were deemed necessary to test the propriety of expenditure classification.

Board Secretary's Records

Our review of the financial and accounting records maintained by the Board Secretary revealed that the records were maintained properly.

Acknowledgment of the Board's receipt of the Board Secretary's report was included in the minutes.

Treasurer's Records

The Treasurer's records were properly maintained and filed with the Board Office on a timely basis and, in agreement with the Board Secretary's records.

Acknowledgment of the Board's receipt of the Treasurer's report was included in the minutes.

**ADMINISTRATIVE FINDINGS - FINANCIAL
COMPLIANCE AND PERFORMANCE (CONTINUED)**
JUNE 30, 2018

Financial Planning, Accounting and Reporting (Continued)

Travel and Expense Reimbursement Policy

The required travel and related reimbursement policy in accordance with N.J.A.C. 6A:23B-1.2(a) was audited.

Elementary and Secondary Education Act of 1965 (E.S.E.A.) as Amended by Every Student Succeeds Act (E.S.S.A.)

The ESEA financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the project under Titles I, II-A and III of the ESSA as amended.

Other Special Federal and/or State Projects

The District's Special Projects were approved as listed on the Schedule A and Schedule B located in the CAFR.

Our audit of the federal and state funds, on a test basis, indicated that obligations and expenditures were incurred during the fiscal year or project period for which the project was approved.

The financial exhibits are contained within the Special Revenue Section of the CAFR. This section of the CAFR documents the financial position pertaining to the aforementioned special projects.

T.P.A.F. Reimbursement

Our audit procedures included a test of the semi-monthly reimbursement forms filed with the Department of Education for district employees who are members of the Teachers Pension and Annuity Fund. No exceptions were noted.

Unemployment Compensation Insurance Trust Fund

The Board has adopted the direct reimbursement method and has established an Unemployment Compensation Insurance Trust Fund.

**ADMINISTRATIVE FINDINGS - FINANCIAL
COMPLIANCE AND PERFORMANCE (CONTINUED)
JUNE 30, 2018**

School Purchasing Programs

Contracts and Agreements Requiring Advertisement for Bids

Effective July 1, 2015 and thereafter the bid thresholds in accordance with N.J.S.A. 18A:18A-3 and 18A:39-3 are \$29,000 and \$18,200, respectively.

The board of education has the responsibility of determining whether the expenditures in any category will exceed the statutory thresholds within the fiscal year. Where question arises as to whether any contract or agreement might result in violation of the statute, the Attorney's opinion should be sought before a commitment is made.

Resolutions were adopted authorizing the awarding of contracts or agreements for "Professional Services" per N.J.S.A. 18A:18A-5.

The minutes indicate that bids were advertised for the following:

Addition & Alteration to Schools	Security Monitoring Service
Roof Replacement (<i>Partial</i>)	Cleaning Supplies
Moving Services	

The system of records did not provide for an accumulation of purchases for which the school board used contracts entered into by the State Department of Purchase and Property pursuant to Ch. 114, P.L. 1977, therefore, the extent of such purchases could not reasonably be ascertained. Our examination did reveal, however, that the following purchases were made through the use of State contracts:

Computer Equipment and Supplies	Office Furniture
Copy Machines	Routers/Electronic Devices
Instructional Supplies	Plow Truck

Inasmuch as the system of records did not provide for an accumulation of payments for categories for the performance of any work or the furnishing or hiring of any materials or supplies, the results of such an accumulation could not reasonably be ascertained. Disbursements were reviewed, however, to determine whether any clear-cut violations existed.

The results of our examination indicated that no individual payments, contracts or agreements were made "for the performance of any work or the furnishing or hiring of any materials or supplies", in excess of the statutory thresholds where there had been no advertising for bids in accordance with the provisions of N.J.S.A. 18A:18A-4, as amended.

Purchasing was also under various cooperative purchasing arrangements in conjunction with other school district as well as under state contract.

**ADMINISTRATIVE FINDINGS - FINANCIAL
COMPLIANCE AND PERFORMANCE (CONTINUED)
JUNE 30, 2018**

School Food Service

The financial transactions and statistical records of the school food services were maintained properly. The financial accounts, meal count record and eligibility applications were reviewed on a test-check basis. No exceptions were noted.

Applications for free and reduced price meals were reviewed for completeness and accuracy. The number of free and reduced price meals claimed as served did not exceed the number of valid applications on file, times the number of operating days, on a school-by-school basis. The free and reduced price meals and free milk policy is uniformly administered throughout the School System. The required verification procedures for free and reduced price applications were completed and available for review.

Expenditures were separately recorded as food, labor and other costs. Vendor invoices were reviewed and costs verified. Inventory records on food supply items were currently maintained and properly applied in determining the cost of food and supplies used.

Time sheets were reviewed and labor costs verified. Payroll records were maintained on all School Food Service Employees authorized by the board of education.

The cash disbursements records reflected expenditures for program related goods and services. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service. Provisions of the management company contract were reviewed and audited. All vendor discounts, rebates and credits vendors and/or the Management Company were tracked and credited to the Food Service Account and reconciled to supporting documentation at least annually.

The net cash resources of the Enterprise Fund for the School Food Service Program exceeded the three months average expenditures. However, subsequent to yearend action was taken to become compliant with the requirement.

The food service company has provided the required Report on Internal Control of Service Organizations in accordance with the Statement on Standards for Attestation Engagements Number 16 (SSAE#16). The study revealed no deficiencies in their procedures.

The District is depositing and expending program monies in accordance with NJSA 18A:17-34 and 19-1 through 19-4.1. The appropriate revenue and expenditure records were maintained in order to substantiate the non-profit status of the school food service.

Food Distribution Program commodities were received during the period of audit. Inventory records on commodities are being maintained. The value of USDA Commodities received during 2017-2018 was \$44,498.96 and the inventory was maintained on a first-in first-out basis.

USDA Food Distribution Program (food and/or commodities) were received and a single inventory was maintained on a first-in first-out basis. No exceptions were noted.

ADMINISTRATIVE FINDINGS - FINANCIAL
COMPLIANCE AND PERFORMANCE (CONTINUED)
JUNE 30, 2018

School Food Service (Continued)

The school district project remains the detailed revenue and expenditure information necessary in order to execute the USDA mandated Non-Program Food Revenue Tool at least annually.

Exhibits reflecting Child Nutrition Program operations are included in the section entitled Enterprise Funds, Section B of the CAFR.

Cash Receipts records were reviewed and it was determined that they were deposited on a timely basis.

Financial Procedures

The District adopted standard operating procedures in accordance with NJDOE requirements. It is imperative that the procedures be enforced by the administration in order to avoid operating complications, misunderstandings or errors in the future.

Student Body Activities

Our review of the student activity funds and athletic activities fund revealed that all records were maintained properly and expenditures contained proper supporting documentation.

Testing for Lead of All Drinking Water in Educational Facilities

The school district adhered to all the requirements of N.J.A.C.26-1.2 and 12.4 related to the testing for lead of all drinking water in educational facilities.

Application for State School Aid

Our audit procedures included a test of information reported in the October 13, 2017 Application for State School Aid (A.S.S.A.) for on-roll, private schools for the handicapped, low-income and bilingual. We also performed a review of the district procedures related to its completion. The information on the A.S.S.A. was compared to the district workpapers with exception in the LEP Low Income which may have been the result of a possible computer glitch and is under review by the District for corrective action and future compliance.

The District maintained workpapers on the prescribed state forms or their equivalent.

The District has written procedures for the recording of student enrollment data.

**ADMINISTRATIVE FINDINGS - FINANCIAL
COMPLIANCE AND PERFORMANCE (CONTINUED)
JUNE 30, 2018**

Pupil Transportation

Our audit procedures included a test of on-roll status reported in the 2017-2018 District Report of Transported Resident Students (DRTRS). The information that was included on the DRTRS was verified to the DRTRS Eligibility Summary with no exceptions. The results of our procedures are presented in the Schedule of Audited Enrollments.

Our procedures also included a review of transportation related contracts and purchases. Based on our review, the district complied with proper bidding procedures and award of contracts. No exceptions were noted in our review of transportation related purchases of goods and services.

RECOMMENDATIONS

JUNE 30, 2018

None.

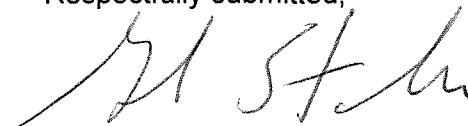
FOLLOW-UP ON PRIOR YEAR'S FINDINGS

There were no recommendations in the prior year.

ACKNOWLEDGMENT

We received the complete cooperation of all the officials of the School District and we greatly appreciate the courtesies extended to us.

Respectfully submitted,



Gerard Stankiewicz
Certified Public Accountant
Public School Accountant #912

For The Firm
SAMUEL KLEIN AND COMPANY

**BOARD OF EDUCATION
BOROUGH OF FREEHOLD SCHOOL DISTRICT
COUNTY OF MONMOUTH
SCHEDULE OF MEAL COUNT ACTIVITY
NUMBER OF MEALS SERVED AND (OVER)/UNDERCLAIM
ENTERPRISE FUNDS - FOOD SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(MEMORANDUM ONLY)**

<u>Program</u>	<u>Meal Category</u>	<u>Meals Claimed</u>	<u>Meals Tested</u>	<u>Meals Verified</u>	<u>Difference</u>	<u>Rate</u>	<u>(Over)/Under Claim</u>
National School Lunch (High Rate)	Paid	23,963	23,963	23,963	None	0.360	None
	Reduced	18,634	18,634	18,634	None	2.885	None
	Free	<u>171,559</u>	<u>171,559</u>	<u>171,559</u>	<u>None</u>	3.285	<u>None</u>
	Total	<u>214,156</u>	<u>214,156</u>	<u>214,156</u>	<u>None</u>		<u>None</u>
School Breakfast (Severe Needs Rate)	Paid	7,253	7,253	7,253	None	0.300	None
	Reduced	6,047	6,047	6,047	None	1.790	None
	Free	<u>72,697</u>	<u>72,697</u>	<u>72,697</u>	<u>None</u>	2.090	<u>None</u>
	Total	<u>85,997</u>	<u>85,997</u>	<u>85,997</u>	<u>None</u>		<u>None</u>
After School Snack	Free	<u>23,280</u>	<u>23,280</u>	<u>23,280</u>	<u>None</u>	0.880	<u>None</u>
	Total	<u>23,280</u>	<u>23,280</u>	<u>23,280</u>	<u>None</u>		<u>None</u>
Total Net (Over)/Under Claim							<u>None</u>

FREEHOLD BOROUGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017

	<u>2018-2019 Application for State School Aid</u>							<u>Sample for Verification</u>						<u>Private Schools for Disabled</u>			
	<u>Reported on A.S.S.A. On Roll</u>		<u>Reported on Workpapers On Roll</u>		<u>Sent/Received</u>		<u>Errors</u>	<u>Sample Selected from Workpapers</u>		<u>Verified per Registers On Roll</u>		<u>Errors per Registers On Roll</u>		<u>Reported on A.S.S.A. as Private Schools</u>	<u>Sample for Verifi-cation</u>	<u>Sample Verified</u>	<u>Sample Errors</u>
	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>	<u>Sent</u>	<u>Received</u>		<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>	<u>Full</u>	<u>Shared</u>				
Half Day Preschool	0		0					0		0							
Full Day Preschool	59		59		13	59		11		11							
Half Day Kindergarten	0		0					0		0							
Full Day Kindergarten	161		161					31		31							
One	161		161					31		31							
Two	155		155					29		29							
Three	148		148					28		28							
Four	156		156					30		30							
Five	148		148					28		28							
Six	134		134					25		25							
Seven	127		127					24		24							
Eight	138		138					26		26							
Nine																	
Ten																	
Eleven																	
Twelve																	
Post-Graduate																	
Adult H.S. (15+CR.)																	
Adult H.S. (1-14 CR.)																	
Subtotal	<u>1,387</u>	<u>0</u>	<u>1,387</u>	<u>0</u>	<u>13</u>	<u>59</u>	<u>0</u>	<u>0</u>	<u>264</u>	<u>0</u>	<u>264</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Special Ed - Elementary	204		204		3		0	0.525	107		107		0	7	7	7	
Special Ed - Middle School	90		90		10		0	0.525	47		47		0	8	8	8	
Special Ed - High School	0		0						0		0			0	0	0	
Subtotal	<u>294</u>	<u>0</u>	<u>294</u>	<u>0</u>	<u>19</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>144</u>	<u>0</u>	<u>143</u>	<u>0</u>	<u>0</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>0</u>
Totals	<u>1,681</u>	<u>0</u>	<u>1,681</u>	<u>0</u>	<u>32</u>	<u>48</u>	<u>0</u>	<u>0</u>	<u>408</u>	<u>0</u>	<u>407</u>	<u>0</u>	<u>0</u>	<u>12</u>	<u>12</u>	<u>12</u>	<u>0</u>
Percentage Error							<u>0.00%</u>	<u>0.00%</u>					<u>0.00%</u>	<u>0.00%</u>	(b)		<u>0.00%</u>

**FREEHOLD BOROUGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017**

	<u>Resident Low Income</u>			<u>Sample for Verification</u>			<u>Resident LEP Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as Low Income</u>	<u>Reported on Workpapers as Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>	<u>Reported on A.S.S.A. as LEP low Income</u>	<u>Reported on Workpapers as LEP low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Test Score and Register</u>	<u>Sample Errors</u>
Half Day Preschool												
Full Day Preschool												
Half Day Kindergarten	0	0		0	0		0	0		0	0	
Full Day Kindergarten	133	133		17	17		43	43		23	23	
One	141	141		16	16		75	75		39	39	
Two	123	123		15	15		61	61		32	32	
Three	122	122		16	16		40	40		21	21	
Four	129	129		14	14		19	19		10	10	
Five	118	118		13	13		14	14		7	7	
Six	96	96		13	13		6	6		3	3	
Seven	90	90		11	11		5	5		3	3	
Eight	89	89		8	8		6	6		3	3	
Nine												
Ten												
Eleven												
Twelve												
Post-Graduate												
Adult H.S. (15+CR.)												
Adult H.S. (1-14 CR.)												
Subtotal	<u>1,041</u>	<u>1,041</u>	<u>0</u>	<u>123</u>	<u>123</u>	<u>0</u>	<u>269</u>	<u>269</u>	<u>0</u>	<u>141</u>	<u>141</u>	<u>0</u>
Special Ed - Elementary	188	188		68	68		35	35		27	27	
Special Ed - Middle	76	76		27	27		2	2		2	2	
Special Ed - High	0	0		0	0		0	0		0	0	
Subtotal	<u>264</u>	<u>264</u>	<u>0</u>	<u>95</u>	<u>95</u>	<u>0</u>	<u>37</u>	<u>37</u>	<u>0</u>	<u>29</u>	<u>29</u>	<u>0</u>
Totals	<u><u>1,305</u></u>	<u><u>1,305</u></u>	<u><u>0</u></u>	<u><u>218</u></u>	<u><u>218</u></u>	<u><u>0</u></u>	<u><u>306</u></u>	<u><u>306</u></u>	<u><u>0</u></u>	<u><u>170</u></u>	<u><u>170</u></u>	<u><u>0</u></u>
Percentage Error			<u>0</u>	(c)		<u>0.00%</u>			<u>0.00%</u>	(d)		<u>0.00%</u>

FREEHOLD BOROUGH SCHOOL DISTRICT
APPLICATION FOR STATE SCHOOL AID SUMMARY
ENROLLMENT AS OF OCTOBER 13, 2017

	<u>Resident LEP NOT Low Income</u>			<u>Sample for Verification</u>		
	<u>Reported on A.S.S.A. as NOT Low Income</u>	<u>Reported on Workpapers as NOT Low Income</u>	<u>Errors</u>	<u>Sample Selected from Workpapers</u>	<u>Verified to Application and Register</u>	<u>Sample Errors</u>
Half Day Preschool						
Full Day Preschool						
Half Day Kindergarten	0	0		0	0	
Full Day Kindergarten	2	2		2	2	
One	0	0		0	0	
Two	1	1		1	1	
Three	0	0		0	0	
Four	2	2		2	2	
Five	0	0		0	0	
Six	0	0		0	0	
Seven	0	0		0	0	
Eight	0	0		0	0	
Nine						
Ten						
Eleven						
Twelve						
Post-Graduate						
Adult H.S. (15+CR.)						
Adult H.S. (1-14 CR.)						
Subtotal	<u>5</u>	<u>5</u>	<u>0</u>	<u>5</u>	<u>5</u>	<u>0</u>
Special Ed - Elementary	0	0		0	0	
Special Ed - Middle	0	0				
Special Ed - High						
Subtotal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Totals	<u>5</u>	<u>5</u>	<u>0</u>	<u>5</u>	<u>5</u>	<u>0</u>
Percentage Error			<u>0.00%</u>	(f)		<u>0.00%</u>

FREEHOLD BOROUGH SCHOOL DISTRICT
DISTRICT REPORT OF TRANSPORTED RESIDENT STUDENTS
ENROLLMENT AS OF OCTOBER 13, 2017

	Sample for Verification			
	Reported on D.R.T.R.S.	Sample Selected from Workpapers	Verified to Register	Sample Errors
Students - Grade PK*	21		21	
Public School Students excl. Voc. Students	52		52	
Vocational School Students	0		0	
Transported Charter School Students	0		0	
AIL Charter School Students	0		0	
Transported Non-Public and Other School Students	4		4	
AIL Non-Public and Other School Students	6		6	
Special Education Public School Students	0		0	
Special Education Charter School Students	0		0	
Private School for Students with Disabilities and Other School Students	0		0	
	83	0	83	0
Subtotal				
With Special Transportation Needs:				
Public School Students	101		101	
Charter School Students	0		0	
Private School for Students with Disabilities	15		15	
Out-of-district Public School Students			0	
Out-of-district Charter School Students	0		0	
Without Special Transportation Needs:				
Private School for Students with Disabilities	0		0	
	116	0	116	0
Subtotal				
Courtesy Students - Elementary	87		87	
Courtesy Students - Secondary				
Nonpublic School Students over 20 Miles				
	286	0	286	0
Totals				
Percentage Error				0.00%

*Includes Public, Charter and Early Childhood Community Provider (ECCP)

District Report of Transported Resident Students			
	Originally Presented on	Verified by Auditor	Errors
Average mileage , excluding grade PK students	4.5	4.5	
Average mileage - special education/special needs	2.7	2.7	
Average mileage - courtesy students	1.7	1.7	
Average mileage- Home to School	4	4	
	12.9	12.9	
Totals			
Percentage error			0.00%

BOARD OF EDUCATION
FREEHOLD BOROUGH SCHOOL DISTRICT
COUNTY OF MONMOUTH
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

EXCESS SURPLUS CALCULATION
REGULAR DISTRICT

SECTION 1

A. 2% Calculation of Excess Surplus

2017-18 Total General Fund Expenditures per the CAFR, Ex. C-1	\$ <u>25,338,608.58</u> (B)	
Increased by:		
Transfer from Capital Outlay to Capital Projects Fund	\$ _____ (B1a)	
Transfer from Capital Reserve to Capital Projects Fund	\$ _____ (B1b)	
Transfer from General Fund to SRF for PerK-Regular	\$ _____ (B1c)	
Transfer from General Fund to SRF for PerK-Inclusion	\$ _____ (B1d)	
Decreased by:		
On-Behalf TPAF Pension & Social Security	\$ <u>3,035,650.64</u> (B2a)	
Assets Acquired Under Capital Leases	\$ _____ (B2b)	
Adjusted 2017-18 General Fund Expenditures [(B)+(B1s)-(B2s)]	\$ <u><u>22,302,957.94</u></u> (B3)	
2% of Adjusted 2017-18 General Fund Expenditures [(B3) times .02]	\$ <u>446,059.16</u> (B4)	
Enter Greater of (B4) or \$250,000	\$ <u>446,059.16</u> (B5)	
Increased by: Allowable Adjustment*	\$ _____ (K)	
Maximum Unassigned/Undesignated-Unreserved Fund Balance [(B5)+(K)]	\$ <u><u>446,059.16</u></u> (M)	

SECTION 2

Total General Fund - Fund Balances @ 6-30-2018 (Per CAFR Budgetary Comparison Schedule-C1)	\$ <u>4,557,654.12</u> (C)	
Decreased by:		
Year-end Encumbrances	\$ <u>115,746.00</u> (C1)	
Legally Restricted - Designated for Subsequent Year's Expenditures	\$ _____ (C2)	
Legally Restricted - Excess Surplus - Designated for Subsequent Year's Expenditures**	\$ <u>635,047.92</u> (C3)	
Other Restricted Fund Balances ****	\$ <u>2,588,884.32</u> (C4)	
Assigned Fund Balance - Unreserved - Designated for Subsequent Year's Expenditures	\$ _____ (C5)	
Additional Assigned Fund Balance - Unreserved - Designated for subsequent Year's Expenditures July 1, 2018 - August 1, 2018	\$ _____ (C6) *****	
Total Unassigned Fund Balance [(C)-(C1)-(C2)-(C3)-(C4)-(C5)-(C6)]	\$ <u><u>1,217,975.88</u></u> (U1)	

BOARD OF EDUCATION
FREEHOLD BOROUGH SCHOOL DISTRICT
COUNTY OF MONMOUTH
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

SECTION 3

Restricted Fund Balance - Excess Surplus***[(U1)-(M)] IF NEGATIVE ENTER -0- \$ 771,916.72 (E)

Recapitulation of Excess Surplus as of June 30, 2018

Reserved Excess Surplus - Designated for Subsequent Year's Expenditures **	\$ <u>635,047.92</u> (C3)
Reserved Excess Surplus***[(E)]	\$ <u>771,916.72</u> (E)
Total Excess Surplus [(C3) + (E)]	\$ <u>1,406,964.64</u> (D)

Footnotes:

* Allowable adjustment to expenditures on line K must be detailed as follows. This adjustment line (as detailed below) is to be utilized when applicable for:

- (H) Federal Impact Aid. The passage of P.L. 2015, c.46 amended N.J.S.A. 18A:7F-41 to permit a board of education to appropriate federal impact aid funds to establish or supplement a federal impact aid legal reserve in the general fund. Accordingly, effective for the year ending June 30, 2016 the Federal Impact Aid adjustment to expenditures is limited to the portion of Federal Impact Aid Section 8002 and Section 8003 received during the fiscal year and recognized as revenue on the General Fund Budgetary Comparison Schedule, but not transferred to the Federal Impact Aid Reserve - General (8002 or 8003) by board resolution during June 1 to June 30 of the fiscal year under audit. Amounts transferred to the reserve are captured on line (C4);
- (I) Sale and Lease-back (Refer to the Audit Program Section II, Chapter 10);
- (J1) Extraordinary Aid;
- (J2) Additional Nonpublic School Transportation Aid;
- (J3) Recognized current year School Bus Advertising Revenue; and
- (J4) Family Crisis Transportation Aid.

Notes to auditor: Refer to the Audit Program Section II, Chapter 10 for restrictions on the inclusion of Extraordinary Aid, Family Crisis Transportation Aid, and Additional Nonpublic School Transportation Aid.

Detail of Allowable Adjustments

Impact Aid	\$ _____ (H)
Sale & Lease-back	\$ _____ (I)
Extraordinary Aid	\$ _____ (J1)
Additional Nonpublic School Transportation Aid	\$ _____ (J2)
Current Year School Bus Advertising Revenue Recognized	\$ _____ (J3)
Family Crisis Transportation Aid	\$ _____ (J4)
Total Adjustments [(H)+(I)+(J1)+(J2)+(J3)+(J4)]	\$ _____ (K)

** This amount represents the June 30, 2018 Excess Surplus (C3 above) and must be included in the Audit Summary Line 90031.

*** Amount must agree to the June 30, 2018 CAFR and must agree to Audit Summary Line 90030.

**** Amount for Other Restricted Fund Balances must be detailed for each source. Use in the excess surplus calculation of any legal reserve that is not state mandated or that is not legally imposed by an other type of government, such as the judicial branch of government, must have departmental approval. District requests should be submitted to the Division of Administration and Finance prior to September 30.

***** Increase in Assigned Fund Balance - Unreserved - Designated for Subsequent Year's expenditures July 1, 2018 to August 1, 2018 resulting from decrease in state aid after adoption of 2018-19 district budget. Refer to Commissioner's Broadcast and to page I-4.2 of this Audit Program.

BOARD OF EDUCATION
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COUNTY OF MONMOUTH
FISCAL YEAR ENDED JUNE 30, 2018
(UNAUDITED)

Detail of Other Restricted Fund Balance

Statutory restrictions:	
Approved unspent separate proposal	\$ _____
Sale/lease-back reserve	\$ _____
Capital reserve	\$ 1,884,581.64
Maintenance reserve	\$ 704,302.68
Emergency reserve	\$ _____
Tuition reserve	\$ _____
School Bus Advertising 50% Fuel Offset Reserve - current year	\$ _____
School Bus Advertising 50% Fuel Offset Reserve - prior year	\$ _____
Impact Aid General Fund Reserve (Sections 8002 and 8003)	\$ _____
Impact Aid General Fund Reserve (Sections 8007 and 8008)	\$ _____
Other state/government mandated reserve	\$ _____
[Other Reserved Fund Balance not noted above]****	\$ _____
 Total Other Restricted Fund Balance	 \$ 2,588,884.32 (C4)



GERARD STANKIEWICZ, CPA, PSA #912

Date: February 22, 2019

FREEHOLD BOROUGH SCHOOL DISTRICT
COUNTY OF MONMOUTH, NEW JERSEY

NET CASH RESOURCE SCHEDULE

Net Cash Resources Did Exceed Three Months of Expenditures
Proprietary Funds - Food Service
FYE 2018

<u>Net Cash Resources:</u>		Food Service	
		B - 4/5	
CAFR	*	Current Assets	
B-4		Cash & Cash Equiv.	\$ 353,680
B-4		Due from Other Gov'ts	183,477
B-4		Accounts Receivable	
B-4		Security Deposit	
CAFR		Current Liabilities	
B-4		Less Accounts Payable	25,928
B-4		Less Accruals	
B-4		Less Due to Other Funds	
B-4		Less Deferred Revenue	
		Net Cash Resources	\$ 511,229 (A)
<u>Net Adj. Total Operating Expense:</u>			
B-5		Total Operating Expense	1,012,411
B-5		Add Depreciation	8,521
		Adj. Total Operating Expense	\$ 1,020,932 (B)
<u>Average Monthly Operating Expense:</u>			
		B / 10	\$ 102,093.20 (C)
<u>Three Times Monthly Average:</u>			
		3 X C	\$ 306,279.60 (D)

TOTAL IN BOX A	\$ 511,229
LESS TOTAL IN BOX D	\$ 306,280
NET	\$ 204,950
From above:	
A is greater than D, cash exceeds 3 X average monthly operating expenses.	
D is greater than A, cash does not exceed 3 X average monthly operating expenses.	

* Inventories are not to be included in total current assets.

SOURCE - USDA resource management comprehensive review form

BOARD OF EDUCATION
FREEHOLD BOROUGH SCHOOL DISTRICT

AUDIT RECOMMENDATIONS SUMMARY
For the Fiscal Year Ended June 30, 2018

Recommendations:

1. Administrative Practices and Procedures

None

2. Financial Planning, Accounting and Reporting

None.

3. School Purchasing Programs

None

4. School Food Service

None

5. Student Body Activities

None

6. Application for State School Aid

None

7. Pupil Transportation

None

8. Facilities and Capital Assets

None

9. Miscellaneous

None

10. Status of Prior Year Audit Findings/Recommendations

There were no prior year audit findings/recommendations.